

Prompt Payment for Livestock under the Packers and Stockyards Act and Regulations

Prompt Payment for Livestock

Dealers, market agencies, and packers subject to the Packers and Stockyards Act (P&S Act) are required to pay promptly for the livestock they purchase. The P&S Act contains specific requirements outlining the prompt payment for livestock. These requirements apply to all purchases whether made directly from the owner, auction market, or terminal stockyard.

Livestock Purchased for Slaughter

When livestock is purchased for slaughter, the buyer must deliver a check to the seller or his or her authorized representative at the point of transfer of possession of livestock, or the buyer must wire transfer payment to the seller's account by the close of the next business day.

In the case of a purchase on a carcass weight basis, the buyer must make payment by check at the point of transfer of possession of the livestock, or the buyer must wire transfer payment to the seller's account not later than the close of the next business day following the determination of the purchase amount.

If the seller or his or her representative is not available to receive payment at the point of transfer of possession, or if the seller agrees in writing with the buyer beforehand, the buyer may place payment in the mail and postmarked before the close of the next business day following the determination of the purchase amount.

Non-slaughter Purchases

When livestock is purchased for other than slaughter purposes, payment must be made directly to the seller or an authorized representative at the time of sale, or mailed and postmarked before the close of the next business day.

Agreements to Different Payment Terms

The buyer and seller may agree to effect payment in a different than those specified by the P&S Act. Any such agreement must be made prior to the purchase transaction, must be specific as to the payment terms, and must be in writing.

If the seller agrees to extend credit to a packer, the seller loses all interest in the statutory trust established to help protect the cash sellers of livestock. It is the responsibility of the packer to notify the seller that rights to payment under the trust provisions are lost when the sale is made on a credit basis, and the packer must obtain a written acknowledgment from the seller waiving those rights.

Other Applicable Payment Requirements

Buyers cannot use threats or intimidation to influence the terms of payment.

Bank drafts issued in payment for livestock do not meet the prompt payment requirements. Before packers, market agencies, or dealers can issue drafts in payment for livestock, they must enter into a written credit agreement with the seller. If the livestock is purchased for slaughter, the buyer must also obtain a written acknowledgment from the seller waiving trust rights.

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Demanding Immediate Payment

The P&S Act does not preclude livestock sellers from demanding immediate payment. Market agencies, selling on commission at auction markets and terminal stockyards, may refuse to sell to a potential buyer, or may demand cash payment prior to releasing the livestock.

Additional Information

For further information, answers to questions, or to report a violation if you have not been paid promptly for a livestock transaction, contact GIPSA, Packers and Stockyards Program (P&SP) at the addresses and telephone numbers listed below, visit the GIPSA website at <http://www.gipsa.usda.gov> , or call the GIPSA toll-free **HOTLINE** at **1-800-998-3447**.

Packers and Stockyards Program Regional Offices:

GIPSA, P&SP

Eastern Regional Office (National Office for Poultry)

Suite 230
75 Spring Street
Atlanta, GA 30303

Phone: 404-562-5840

Fax: 404-562-5848

Alabama, Arkansas, Connecticut, District of Columbia, Delaware, Florida, Georgia, Louisiana, Massachusetts, Maryland, Maine, Mississippi, North Carolina, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Vermont, West Virginia

GIPSA, P&SP

Midwestern Regional Office (National Office for Hogs)

Federal Building
Room 317
210 Walnut Street
Des Moines, IA 50309

Phone: 515-323-2579

Fax: 515-323-2590

Iowa, Illinois, Indiana, Kentucky, Ohio, Michigan, Missouri, Minnesota, North Dakota, South Dakota, Wisconsin

GIPSA, P&SP

Western Regional Office (National Office for Cattle and Sheep)

1 Gateway Centre
3950 Lewiston, Suite 200
Aurora, CO 80011

Phone: 303-375-4240

Fax: 303-371-4609

Alaska, Arizona, California, Colorado, Hawaii, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, Oklahoma, Oregon, Texas, Utah, Washington, Wyoming

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